



Iowa General Assembly

2008 Committee Briefings

Legislative Services Agency – Legal Services Division

<http://www3.legis.state.ia.us/ga/committee.do?id=41>

GOVERNMENT OVERSIGHT COMMITTEE

Meeting Dates: [October 28, 2008](#) | [September 19, 2008](#) | [July 21, 2008](#) | [June 9 and 10, 2008](#) | [December 15, 2008](#)

Purpose. *This compilation of briefings on legislative interim committee meetings and other meetings and topics of interest to the Iowa General Assembly, written by the Legal Services Division staff of the nonpartisan Legislative Services Agency, describes committee activities or topics. The briefings were originally distributed in the Iowa Legislative Interim Calendar and Briefing. Official minutes, reports, and other detailed information concerning the committee or topic addressed by a briefing can be obtained from the committee's Internet page listed above, from the Iowa General Assembly's Internet page at <http://www.legis.state.ia.us/>, or from the agency connected with the meeting or topic described.*

GOVERNMENT OVERSIGHT COMMITTEE

December 15, 2008

Co-chairperson: Senator Thomas Courtney

Co-chairperson: Representative Vicki Lensing

Overview. The primary focus of the meeting included an update on new sexual misconduct policies and procedures at regents institutions; an examination of crime rates and trends across the state; a status report on the state's election process; a discussion of salt procurement issues and the outlook for upcoming winter road maintenance; and an overview of Capitol Complex security procedure changes, restoration efforts, and grounds improvements.

New Sexual Misconduct Policies and Procedures. Mr. David W. Miles, President, Iowa State Board of Regents, accompanied by fellow Board of Regents members Ms. Bonnie Campbell and Mr. Robert Downer, and officials from the University of Iowa, Iowa State University, and the University of Northern Iowa, discussed efforts undertaken by the board in coordination with the regents institutions to develop and implement student-centered sexual misconduct policies. The policies are based upon recommendations contained in a report conducted and issued by the Stolar Partnership after allegations of the mishandling of a sexual assault investigation by the University of Iowa.

Mr. Miles emphasized that the board will not tolerate sexual misconduct nor the mishandling of sexual misconduct allegations, and characterized the policy development process as a major effort conducted by regents institutions and consultants intended to develop student-to-student sexual misconduct policies that mirror national best practices and reflect a clear and formalized institutional response protocol. He additionally highlighted victim advocacy and Good Samaritan aspects of the policies, explaining with reference to the latter that student input and national best practices supported a policy protecting informants against institutional action, but not in all instances criminal prosecution, for relatively minor infractions of university policy committed by an informant providing evidence relating to a sexual misconduct allegation. The board and the institutions are now focusing on implementation of the policies in the form of ongoing campus training and student promotional and educational efforts, and the board will continue to review the effectiveness of the policies both internally and through an external review process.

Crime Rates and Trends. Mr. Russ Porter, Intelligence Bureau Chief, Department of Public Safety, provided information relating to current crime rates and historic trends in crime rate reporting. He summarized the history of crime rate reporting in the state, indicating that crime rate reporting is now done on an incident-based basis, and noted that crime statistics reflect the rate of crime per 100,000 people in various grouped categories, rather than the number of incidents of a particular crime. There has been a decrease in crime from the year 2006 to 2007, and also more broadly over the preceding 10-year period, although fraud-related offenses and crimes against society appear to be increasing. Local trends for reported crime may not follow statewide crime rate statistics, and nationally overall crime rates also appear to be decreasing.

Election Process. Secretary of State Michael A. Mauro, accompanied by Ms. Sarah Reisetter, Elections Director, Secretary of State's Office, discussed the operation of the 2008 election process from the office's standpoint. Overall the process went smoothly and few problems were reported by county auditors, particularly in light of a record high

voter turnout and utilization of new elections procedures and equipment. Satellite and absentee voting are becoming a bigger part of the elections process, over 40,000 individuals participated in election day registration, and approximately 10,000 fewer provisional ballots were cast. Mr. Mauro expressed a need for increased education for polling place workers regarding the new procedures and equipment, and expressed concern regarding funding necessary to maintain a database required by the Help America Vote Act.

Salt Procurement and Winter Road Maintenance. Mr. Kevin Mahoney, Director of Highway Division, Department of Transportation, and Mr. Dennis Burkheimer, Winter Operations Administrator, Office of Maintenance, Department of Transportation, provided input concerning the department's winter maintenance program. Mr. Burkheimer provided an overview of the number of lane miles of roadway and interstate highway in the state; the number of snowplows, staff and maintenance facilities necessary to maintain those roadways during winter; and the number of tons of covered salt storage necessary to be maintained to do so. The current snowplow fleet is aging and expensive to replace, winter-related fatal and injury crashes are declining, and 2007-2008 snowfall amounts were some of the heaviest on record. Additionally, Mr. Burkheimer summarized the various types and amounts of materials used for winter road maintenance and the salt procurement process, indicating that for the first time in history a significant number of department locations did not receive a reasonable bid from salt vendors, and he noted there is a nationwide salt shortage resulting not from depleted reserves but from transportation problems and delays. The department's winter road maintenance operational strategies and procedures were also addressed, along with road weather forecasting technology and innovations in maintenance equipment design.

Capitol Complex Conditions and Improvements.

- Mr. Mark Willemssen, Facilities Manager, Iowa General Assembly, summarized recent developments relating to Capitol ground floor renovation efforts and relocation of public access points of entrance.
- Mr. Ray Walton, Interim Director, Department of Administrative Services, identified and described various building construction, relocation, and acquisition projects, including the new Iowa Association of Community Colleges Trustees Building, structures located in the 700 block of East Locust, the Mercy Capitol building, and the status of the West Capitol Terrace project and specified parking lot improvements.
- Mr. Brice Oakley, Chairperson, Capitol Planning Commission, summarized the commission's membership and statutorily authorized mission, emphasizing that the commission takes a long-range view in determining the suitability of proposed changes or additions to the Capitol Complex and grounds. Mr. Oakley discussed the development of rules to guide the commission on acting upon applications for monuments and memorials on the Capitol grounds, and identified recent projects which have received approval for construction. He additionally commented on the commission's annual report, a longer-term master plan, and the commission's role as primarily advisory in nature.
- Mr. Dean Ibsen, Manager, Vertical Infrastructure Program, Department of Administrative Services, identified various structural and landscaping improvements for which fiscal year 2008-2009 appropriations were allocated, and described high-performance energy efficiency planning aspects of a new building to house the Iowa Utilities Board and Office of Consumer Advocate.

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GOVERNMENT OVERSIGHT COMMITTEE

October 28, 2008

Co-Chairperson: Senator Thomas Courtney

Co-Chairperson: Representative Vicki Lensing

Overview. The primary focus of the meeting concerned a discussion of the Attorney General's report relating to issues which have arisen in connection with Iowa Student Loan Liquidity Corporation (ISL) and a response to the report from ISL; and a discussion of the status of student lending in Iowa under current economic conditions by ISL, banking and credit union representatives, and the Iowa College Student Aid Commission.

Attorney General's Report. The Honorable Tom Miller, Attorney General, provided an overview of a report addressing a series of legal questions which had arisen concerning the operations of ISL and its relationship to the Iowa College Student Aid Commission (Commission). The Attorney General stated that a considerable amount of time and effort had been expended in reviewing assertions of questionable practices in relation to ISL's marketing of loan products, lending protocols, and shifting of focus from a student to market growth emphasis, and indicated that after his office had collected information, conducted an internal review, and had drawn preliminary conclusions, a leading

national student loan expert, Mr. Mark Kantrowitz, was retained on a pro bono basis to provide assistance.

The Attorney General provided background information regarding the formation of ISL, indicating that the organization originated through the Governor's office, that it was administered through a Governor-appointed board, and that from the outset, while a nonprofit corporation, maintained close connections to state government and a favorable bonding status. He stated that while many students were helped through ISL assistance, with the passage of time and a lack of oversight and supervision it appeared there was a gradual shift in focus rendering the best interests of students secondary to asset growth and market share.

Based on this combined investigation and review, the Attorney General related concerns regarding ISL's use of the term "lowest cost loans" when in fact federal loans were often lower in cost, inadequate promotion of federal loans, insufficient determination of federal loan eligibility exhaustion, recommendation of loan consolidation without fully disclosing the financial consequences, insufficient advertising disclosure of conditions placed on obtaining specified benefits, reimbursement programs with colleges and universities and utilization of college and university employees in capacities associated with ISL leading to an appearance of impropriety, operation of an Iowa College Access Network intended to provide information and support to prospective college students which paid bonuses based on the number of ISL borrowers, prior issues relating to reporting and auditing of the organization, and the desirability for ISL voluntary compliance with open meetings and public records laws. Additionally, the Attorney General noted the appearance of an ongoing, mutual distrust and lack of cooperation between ISL and the Commission, and characterized ISL's reaction to the review as "stonewalling" in nature. The Attorney General concluded with the observations that a students-first focus must be maintained, and that continued monitoring and oversight must be provided by the Attorney General's office, the Governor, and the Committee to ensure that the ISL board implements the recommended changes and continues to comply with House File 2690, enacted during the 2008 legislative session.

ISL Response and Student Aid Availability Update. Mr. Steve McCullough, President and Chief Executive Officer, ISL, accompanied by Mr. Rudolph Leytze, Chairman of the Board, ISL, addressed the Committee in response to the Attorney General's report and related remarks. Mr. McCullough and Mr. Leytze indicated that ISL fully supported the passage of House File 2690; that implementation of the legislation is almost fully complete; that ISL is committed to helping students, particularly from low and moderate income families, achieve a college education; that ISL is in agreement to discontinue utilizing the phrase "lowest cost" in publications; that ISL considers itself to be the most open and transparent lender in the student lending market; and that ISL has consistently charged all borrowers the same rates and fees. They emphasized that ISL is acting upon the recommendations contained within the 2007 State Auditor's report, the Attorney General's report, and the legislation, and stated that ISL will continue to coordinate with the Governor and the legislature regarding needed future change. It was noted, however, that most of the recommendations related to prior procedures, which have now been largely addressed and rectified. It was also noted that there are five vacant seats on the ISL board which, if filled, would assist ISL in implementing the recommendations.

Mr. McCullough and Mr. Leytze, accompanied by Mr. Patrick Jury, President and Chief Executive Officer, Iowa Credit Union League, and Mr. Bob Hartwig, Legal Counsel, Government Relations Department, Iowa Bankers Association, also addressed the issue of student loan availability in light of current economic conditions. Mr. McCullough reported that student loan shortages are occurring and that the student loan bond market is frozen. He stated, with the concurrence of Mr. Jury and Mr. Hartwig, that ISL reacted quickly to the economic downturn by partnering with participating Iowa banks and credit unions to assure the continued availability of federal and private student loans to Iowa students. Mr. McCullough emphasized the need to encourage Iowans to invest in bonds as the economic crisis continues, and that additional state financial assistance in the form of grants and scholarships is needed.

Iowa College Student Aid Commission. Ms. Julie Leeper, Director of Legislative Services, Iowa College Student Aid Commission, accompanied by Ms. Janet Adams, Chairperson of the Commission, and Ms. Michelle Durand-Adams, Commission member, provided input from the Commission's perspective regarding the Attorney General's report, and discussed state and federal financial aid available to Iowa students.

Ms. Leeper summarized the Commission's responsibilities as delegated by the United States Department of Education for administration of the Federal Family Education Loan Program (FFELP), and noted that the Commission is the designated state agency for administering state-funded scholarship and grant programs. Ms. Leeper stated that over the past 20 years federal and state appropriations have provided an increasingly smaller portion of the tuition and fee expenses of Iowa students, resulting in an increase in the portion of these expenses financed through debt. She also stated that the state's ranking in student debt load far exceeds its ranking in providing grants; that, nationally, lenders are suspending participation in student lending programs or changing lending practices; that students are struggling to finance higher education and in some cases are unable to secure a private loan for lack of a viable cosigner; and updated recent activity with regard to various financial aid programs and federal Acts. Ms. Leeper advocated increasing state appropriations for grant aid, and indicated that the Commission will continue to provide outreach and encourage and support access initiatives in coordination with the Department of Education and other state agencies.

With regard to the Commission's relationship with ISL, the Commission representatives agreed with the Attorney

General's "stonewalling" characterization; indicated they had difficulty obtaining information from ISL necessary in order to fulfill the Commission's oversight responsibilities; and took exception to ISL providing public information, outreach, and college planning functions which they view as more properly within the Commission's purview.

Committee Discussion. Areas of Committee inquiry included whether additional legislation is needed to address the concerns raised in the Attorney General's report or to enhance the Commission's authority in relation to ISL, the extent to which the concerns raised in the report constitute mismanagement, whether the state should pursue reimbursement on behalf of students who could have received lower interest rate loans had they been so advised, whether the current model of ISL as a nonprofit agency with favored bonding status is workable, how the relationship between ISL and the Commission can be improved, the extent to which ISL's relationships with college and university employees might give rise to a perception of impropriety rather than reality, applicability of open records and open meetings law requirements to ISL as a hybrid organization, state liability for ISL in the event of significant student loan default, the soundness of ISL's bond issues and sufficiency of its assets, student loan default rates in Iowa and the high proportion of defaulters who did not graduate, an expression of confidence by the Chairperson of ISL's board in the ISL management team and their motivation to serve the best interest of Iowa students, the existence of Sallie Mae as ISL's primary lending competition, compensation levels for ISL board members, and the dynamics of the relationships between ISL and banks and credit unions regarding processing of applications and the provision of student loans.

Next Meeting. The Committee is scheduled to meet on December 15 and 16, 2008, in the Supreme Court Chamber, Room 103, at the Statehouse. Meeting agenda and times will be announced.

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GOVERNMENT OVERSIGHT COMMITTEE

September 19, 2008

Co-Chairperson: Senator Thomas Courtney

Co-Chairperson: Representative Vicki Lensing

Overview. The primary focus of the meeting concerned a discussion of and conclusions resulting from an outside investigation conducted at the direction of the Board of Regents regarding allegations of a sexual assault involving two former University of Iowa football players; a discussion of flood insurance coverage and public information relating to the coverage; and a quarterly report and update regarding the E911 program.

Sexual Assault Investigation.

- **Board of Regents.** David W. Miles, President, Board of Regents, accompanied by Regent Bonnie J. Campbell, discussed actions taken by the board in response to complaints stemming from the University of Iowa's handling of a student-athlete's allegations of a sexual assault against two former members of the university's football team. President Miles described efforts initiated by the board to investigate the university's handling of the incident, culminating in the appointment of Regent Campbell to oversee an investigation reopened after the discovery by the board of previously undisclosed documents relevant to the case. President Miles indicated that the focus of the investigation centered on whether the university followed established policies and procedures applicable to such allegations, whether the policies and procedures were appropriate, the merits of allegations made by the mother of the student-athlete, and the circumstances surrounding the failure of school officials to disclose to the board letters they had received from the mother.

Regent Campbell discussed the retention of the Stolar Partnership as independent counsel to conduct the reopened investigation, emphasizing that their analysis was completely independent and at arm's-length.

- **Stolar Partnership.** James Sears Bryant, Partner, Stolar Partnership, and lead counsel in the investigation, accompanied by Stolar Partnership associates involved in the investigation, characterized the frustration on the part of the student-athlete and her family and the public perception that the incident had been mishandled as a "perfect storm" attributable to strict adherence by university officials to existing and inadequate policies and their failure to act proactively. Mr. Bryant stated that university officials were cooperative during the investigation, that no evidence of a conspiracy to cover up the incident existed, that mistakes were made in the nature of form over substance, and that if the procedures and policies that began as an informal investigation by the athletic department had allowed for flexibility and individual initiative in communicating with the student-athlete and her family, the entire controversy might have been avoided.

Two university officials were singled out as unacceptably responding to the situation. Marcus Mills, Vice

President for Legal Affairs and General Counsel in having a conflict of interest in serving as general counsel for the university and liaison to the student-athlete's family and in failing to disclose relevant documents, and Phillip Jones, Vice President for Student Services in denying familiarity with the allegations when contacted by the student-athlete's family and insufficiently protecting her from harassment. Based on the investigation, the Stolar Partnership recommended that a comprehensive review of policies and procedures dealing with sexual assault and other related issues at the University of Iowa and other Regents institutions consistent with best practices available in the higher education community be undertaken. With reference to the University of Iowa, the specific recommendations included the following changes in policies and procedures:

- Availability of a trained advocate to alleged victims of sexual assault during all stages of the reporting and investigative process.
 - Designation of a single coordinating office and procedure to deal with all sexual assaults and other related issues.
 - Consideration of the appropriateness of mandating Department of Public Safety notification when a university official receives information regarding an alleged sexual assault.
 - Noninvolvement of general counsel in the management of sexual assault and sexual harassment investigations.
 - Training of sexual assault advocates relative to university reporting and investigation options available to alleged victims, and the communication of such options.
 - Access to easily comprehensible information regarding university sexual assault reporting and investigation options throughout the university community.
 - Removal of individual university department authority to conduct investigations of sexual assault.
 - Extensive training for university officials responsible for investigating sexual assault allegations regarding the proper handling of victims and perpetrators.
 - Development of a formal recusal procedure for investigators who may be perceived as having a conflict of interest in investigations conducted by the office designated to handle sexual assault investigations.
 - Maintaining a distinction between sexual assault and sexual harassment in university policies.
- **Committee Discussion.** Committee member inquiries or comments included the development and nature of additional training to be given to university officials relative to sexual assault allegations; the role of law enforcement in this instance and whether law enforcement officials should be notified and more extensively involved in sexual assault allegations; efforts undertaken in recent years to improve the atmosphere at colleges and universities for minority student-athletes; why two separate investigations were necessary and expenses incurred as a result; identification of the board as having ultimate responsibility for policy and procedure modification and revision; assurance that the board will be taking additional steps to act on the Stolar Partnership recommendations; and continued Committee updates regarding this specific incident and implementation of the recommendations.

Flood Insurance — Coverage, Policies, and Public Information. Susan Voss, Iowa Insurance Commissioner, accompanied by additional Insurance Division personnel, presented an overview of issues relating to flood insurance. Ms. Voss cited the misimpression on the part of homeowners that homeowners or renters insurance will pay for flooding and sewer backup, clarified that flood insurance is federally regulated in the form of the National Flood Insurance Program (NFIP), and discussed the issuance of press releases by the Division designed to educate the public regarding flood insurance eligibility, coverage options, and distinctions between residential and business coverage.

Additional discussion points included recourse for property owners not living in a floodplain and whose mortgagor did not mandate flood insurance; the merits of requiring consumers' applications for homeowners coverage to include an accept/reject signature relative to additional flood coverage through the NFIP or sewer backup endorsements; requiring in the alternative each homeowners policyholder to signify that they have received information relating to flood insurance or sewer backup and have made a decision to accept or reject it; and the fact that at this point no additional legislative action appears necessary.

Ms. Voss conveyed that while many barriers to some Iowans' inability to participate in the NFIP are beyond the Division's authority, the Division intends to continue and increase its efforts to encourage homeowners in communities participating in the program to consider purchasing flood insurance. Committee discussion included a request for a list of all communities in the state not participating in the NFIP; availability of mediation regarding consumer complaints, carrier issues, and the lack of coverage and endorsements; and sewer backup endorsement monetary limits.

E911 Quarterly Update. Jennifer Acton, Fiscal Services Division, Legislative Services Agency, reviewed the second calendar quarter report for 2008 received by the Agency from the Homeland Security and Emergency Management Division, as is statutorily required. Ms. Acton related that the Division received \$4 million in revenue from the E911 surcharge, which represented an increase of \$212,000 compared to the previous quarter, that the surcharge fund

earned \$39,000 in interest, and that the total amount expended during the quarter amounted to \$3.3 million. Specific dollar amounts and sources for each expenditure were listed in priority order. Ms. Acton noted that due to the flooding experienced earlier in the year, some Public Safety Answering Point carryover project deadlines have been extended and no additional applications are being approved pending current project completion. Ms. Acton further indicated that \$2.5 million remained at the end of the current calendar quarter for the carryover fund, and identified amounts obligated for carryover application funds applicable for the next several quarters.

Next Meeting. The Committee is scheduled to meet on October 27 and 28, 2008, in the Supreme Court Chamber, Room 103, at the Statehouse. Meeting agenda and times will be announced.

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GOVERNMENT OVERSIGHT COMMITTEE

July 21, 2008

Co-chairperson: Senator Thomas Courtney

Co-chairperson: Representative Vicki Lensing

Overview. The primary focus of the meeting concerned a discussion of unsewered communities and funding and financing options leading to achieving sewer status, a semiannual update and operations report review presented by the Iowa Lottery, and an examination of the child support collection process with a particular emphasis on modification of support obligations in the event of incarceration or when other custody circumstances change.

Unsewered Communities. Mr. Dennis Ostwinkle, Supervisor, Field Office 6, Department of Natural Resources (DNR), accompanied by Ms. Jessica Montana, Water Quality Advocate, Iowa Department of Economic Development, and Mr. Dan Miller, Executive Director, Xenia Rural Water District, discussed the existence of unsewered communities across the state and efforts being made to identify them and initiate and implement a process for sewer development.

- Mr. Ostwinkle distributed a chart detailing the location and project status of unsewered or improperly sewer communities, indicating that approximately 600 such communities exist. He outlined an investigation process conducted by DNR, discussed efforts by DNR to initiate sewer installation projects in two communities per field office each year, and presented several alternative financing scenarios for representative facilities.
- Ms. Montana summarized her role in conducting water quality-related education and outreach activities emphasizing the importance of achieving sewer status, and the coordination of grant and financial information.
- Mr. Miller detailed project costs and funding sources for projects associated with the Xenia Rural Water District, and stressed the importance of communities being proactive in seeking solutions to their unsewered status.

Committee discussion included the financial challenges of financing sewer projects in rural areas, the impact of sewer construction on existing system customers, methods of sewer rate calculation and the impact of sewer projects on water bills, challenges faced by metropolitan areas with outdated sewer systems, and the possibility of developing a streamlined financing application applicable to multiple funding sources.

Iowa Lottery. Ms. Mary Neubauer, Vice President, External Relations, Iowa Lottery, presented a semiannual update regarding lottery operations and a review of the lottery's operations report. Ms. Neubauer indicated that the lottery experienced strong sales throughout much of FY 2007-2008, but noted that recent flooding and high fuel prices have impacted sales levels and that Hot Lotto sales for the year decreased by 17 percent. Additionally, Ms. Neubauer provided a breakdown of lottery proceed distributions to state programs since the lottery's inception in 1985; stated that a percentage of lottery retail locations and equipment was damaged due to flooding, prompting an examination of appropriate loss adjustments; and supplied a revised operations budget for 2009 reflecting decisions made during the 2008 Legislative Session and an increase in fuel cost estimates. A five-year overview of lottery revenues and expenses was also supplied, a favorable result of the latest audit of the lottery by the State Auditor's Office was noted, Iowa Million Dollar Raffle game results were reviewed, implementation of new lottery games benefiting the Veterans Trust Fund were described, and enhanced security measures involving signature of tickets prior to validation and generation of customer and retailer receipts were summarized.

Ms. Neubauer also distributed copies of a revised brochure relating to problem gambling developed in coordination with Iowa Gambling Treatment Program, administrators stated that the Midwest Millions instant-scratch game jointly involving Iowa and Kansas was successful and that a second such game will be offered beginning in September, and described new promotion campaigns. She indicated that while the lottery continues to monitor developments regarding a possible international lottery game, it is not taking a leadership role in the organization of such a game and will keep the Committee apprised of developments as they arise. She also noted that the lottery has participated in the state's income-offset program regarding prize winnings for several years, provided a status report regarding TouchPlay lawsuits, mentioned

that a successor Iowa Lottery CEO has not yet been named, and stated that lottery officials are monitoring the impact of new and expanding casinos in the state and the status of challenges to federal legislation aimed at curbing Internet gambling.

Committee discussion included continued concern regarding the prospect of participation in an international lottery game, with support expressed by Representative Ralph Watts and Representative Clel Baudler for legislation requiring Committee approval prior to such participation, and questions regarding relocation of PowerBall prize-drawing ceremonies from Iowa to Florida.

Child Support Collection. Representatives of the Department of Human Services (DHS), the Department of Corrections (DOC), the Judicial Branch, and Iowa Legal Aid discussed issues relating to the process for child support collections and procedures involved when custody circumstances change.

Child Support Recovery Process.

- Ms. Jeanne Nesbit, Division Administrator, Child Support Recovery Unit, DHS, provided a preliminary overview of the child support recovery unit, identifying methods of becoming a unit customer, primary functions of the unit, the existence of pilot projects and grants, and historical and current statistics regarding the number of child support recovery cases and amounts collected in FY 2007-2008.
- Ms. Diane Dentlinger, Management Analyst 3, DHS, explained the current process for obtaining and enforcing child support orders and modifications, indicating that all Iowa child support orders are court orders, that only a court can modify a court order, and that the unit receives federal funding to help establish, modify, and enforce child support, but does not have authority regarding custody or visitation issues. Ms. Dentlinger summarized judicial and judicial-administrative procedures for originating a new court order for child support, for modification of an existing order, and for modification or termination of orders in circumstances where the child is currently living with the parent ordered to pay the child support, and highlighted the advantages and disadvantages of alternative approaches.

Committee discussion included the extent to which delays in modification or termination of orders routinely occur and whether such changes when ultimately made can be applied retroactively, procedures for modification in the event of the death of a parent receiving child support, and the support ramifications of a person other than a custodial or non-custodial parent raising a child.

Corrections Perspective. Ms. Barbara Lacina, Des Moines Regional Administrator, Child Support Recovery Unit, DHS, accompanied by Ms. Dru Saathoff, Business Manager, Fort Dodge Correctional Facility, and Mr. Fred Scaletta, Legislative Liaison, DOC, provided information regarding the protocol followed by DOC and the unit with regard to payments made by or owed to incarcerated parents. Ms. Lacina indicated that in most cases an incarcerated custodial parent is the mother, that generally support received after incarceration becomes automatically redirected upon an application for services by a noncustodial caregiver, that incarcerated individuals who owe child support to a nonincarcerated custodial parent may seek a modification of the original support order to a lower level, that there are delays inherent in these processes, and that redirection or modification does not apply retroactively. Ms. Lacina stated that efforts are underway to develop a process to educate incarcerated individuals regarding the possibility of order review and modification. Committee discussion included recidivism rates attributable to failure to pay child support, the provision of free legal assistance to incarcerated individuals, percentage amounts of child support which remain uncollected, incorporation of an order modifying child support obligations into the presentence investigation process, and the merits of suspending an individual's license for failure to pay child support.

Judicial Perspective. Ms. Rebecca Colton, Counsel to Chief Justice Ternus, discussed efforts undertaken based on the recommendation of a joint task force formed between the Iowa Bar Association and the Iowa Judges Association to develop pro se (self-representation) legal forms which will conform to state requirements, be easy to use, self-explanatory, and standardized to the fullest extent possible. Ms. Colton indicated that forms relating to family law matters, such as child support, were targeted for development first given the relatively large potential demand for such forms. Committee discussion included some commentary that the form provided for Committee review appeared lengthy and thereby potentially intimidating to its intended audience.

Iowa Legal Aid. Ms. Evelyn Ocheltree, Senior Attorney, Iowa Legal Aid, provided an overview of the operation of Iowa Legal Aid, and indicated that family law cases constitute one of its major focuses. She stated that many clients view the child support system as unfairly biased in favor of the obligor spouse, indicating that currently there is not a quick or easy process to terminate child support obligations unless both the payor and payee agree, even when clear that the order as presently being enforced is inappropriate, that it is difficult to stop or quash an income withholding order even when custody of the child has changed to the payor, that there is no clear mechanism to recoup overpaid child support or support that accrued in error, and that the review and adjustment process for support modifications can take a prolonged period of time. Improvements suggested by Ms. Ocheltree included authorizing and requiring the child support recovery unit to terminate existing orders when warranted, statutory changes regarding suspension under specified circumstances upon the request of either parent individually, expanding the grounds for quashing income withholding orders, providing a mechanism to inform payors of the amount owed, requiring the unit to stop an order if they have begun one against the other parent for the same child or children, revising existing statutory waiting periods for modification, and creation of a

family court or child support referee system to expedite the disposition of cases.

Additional Discussion.

- Congressional Letter. Committee members approved the signature and mailing of a letter from the co-chairpersons to Iowa's congressional delegation requesting inquiry into previously presented testimony regarding allegations of potential misconduct on the part of Metromedia International Group, Inc. by a small number of Iowa investors.
- K-12 Career Planning. It was determined that a future agenda will include a review of recent legislative changes impacting career planning resource provider availability to school districts.

Next Meeting. The Committee is scheduled to meet on September 15 and 16, 2008, in the Supreme Court Chamber, Room 103, at the Statehouse. Meeting agenda and times will be announced.

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GOVERNMENT OVERSIGHT COMMITTEE

June 9 and 10, 2008

Co-chairperson: Senator Thomas Courtney

Co-chairperson: Representative Vicki Lensing

Overview. During the first day, the Committee considered presentations relating to the use of electronic benefit transfers under the federal Food Assistance Program to assist eligible persons purchasing food items from retail grocery establishments and farmers markets which are authorized food retailers. During the second day, the Committee considered presentations regarding the activities of Office of Citizens' Aide/Ombudsman, including the office's 2007 final report, and a presentation regarding the business decisions and practices of Metromedia International Group Inc. raised by a number of small investors who lost money in the venture. Committee members discussed the future consideration of issues involving mental health options and the possible mechanisms to more easily modify child support orders when a custodial parent changes. The Committee also considered drafting a letter to Iowa's Congressional delegation regarding a possible inquiry involving Metromedia International Group Inc.

Examination of Electronic Benefit Transfers. Mr. Roger Munns, Public Information Officer, Department of Human Services (DHS), discussed the federal Food Assistance Program under which the United States Department of Agriculture provides payments to eligible low-income individuals and families to purchase food items. Ms. Lana Ross, Executive Director of the Iowa Community Action Association, and Mr. Charlie Wishman, an organizer of the Iowa Citizen Action Network, supported Mr. Munns' testimony. According to the presenters, DHS shares in the cost of administering the federal program, which allows a recipient to use an electronic benefit transfer (EBT) card to automatically debit the recipient's dedicated account (see Code Section 234.12A). The EBT system replaces the old paper-based system of food stamp payments, and utilizes the same device that electronically processes a debit or credit card. Alternatively, the state will provide without cost, to a retail grocery establishment a state-leased device that only accesses EBT cards. The use of EBT cards has been a success because it does not stigmatize recipients and reduces fraud or error attributable to a paper-based system. Retail grocery establishments generally utilize their own devices that also access commercial debit and credit cards, and are reimbursed by the state at the rate of 7 cents per transaction ("swipe") at an annual cost to the state of approximately \$500,000 with the same amount paid by the federal government. Only six other states provide for a similar reimbursement including Minnesota (4 cents), Illinois (2.5 cents), Texas (2 cents), New Jersey (1.4 cents), and Georgia (.58 cents). Wisconsin recently terminated its reimbursement (8 cents) after conducting a study comparing the use of EBT cards with food stamps. Mr. Munns, Ms. Ross, and Mr. Wishman recommended that the reimbursement be eliminated. Mr. Munns stated that the savings resulting from the elimination of the reimbursement should be credited to the General Fund or appropriated for another purpose (e.g., to assist food banks), but emphasized that DHS is not proposing to receive moneys from the savings.

Mr. Jerry Fleagle, President of the Iowa Grocery Industry Association, and Mr. Brian Burnam, owner of Kieth's Foods in Bloomfield, Iowa, provided opposing perspectives, stating that retail grocery establishments have cooperated with DHS to provide for the seamless use of the EBT system, that the state has avoided paying costs associated with installing dedicated devices including a monthly terminal lease of \$23.58, the reimbursement is intended to pay only for actual costs incurred by retail grocery establishments, and that the Wisconsin study was flawed. In response to questions, Mr. Burnam commented that a retail grocery establishment pays approximately 5 to 6 cents per transaction for processing a commercial debit card, and for \$100 of sales approximately 25 cents per transaction for processing a commercial credit card. In each of those cases, transactional costs are passed on to consumers. Mr. Fleagle and Mr. Munns also discussed a special DHS project which promotes the use of EBT cards at farmers markets, including by providing wireless devices to vendors at farmers markets, assuming transactional costs, and conducting an aggressive marketing campaign, amounting to an expenditure of \$504,739 between March 2005 and December 2006. Mr. Fleagle and Mr. Munns

disagreed upon the degree of the project's success.

Members of the Committee discussed a number of issues regarding the Food Assistance Program and the use of the EBT system. Mr. Fleagle noted that there are approximately 583 retail grocery establishments in the state, and that depending upon their location, more than 50 percent of transactions may be performed using a form of debit card or credit card.

Committee members also discussed how EBT cards are processed, costs and savings incurred by retail grocery establishments using EBT devices, costs associated with using state-installed devices, and how the purchasing habits of recipients affects costs. Members also discussed issues regarding the eligibility of recipients, and measures to ensure that undocumented aliens are not entitled to receive program benefits as verified by DHS using the federal Secure Authorized Foreign Employee (SAFE) program.

Activities of the Office of Citizens' Aide/Ombudsman. Mr. William P. Angrick, the Iowa Ombudsman, presented the office's 2007 annual report. He was accompanied by Ms. Ruth Cooperrider, Deputy Ombudsman. In 2007, the office received almost 4,500 complaints and information requests and opened 57 special projects. As in past years, the greatest number of complaints and information requests concerned issues relating to the Department of Corrections. Complaints and information requests involving the state's 947 municipalities accounted for the second largest number of contacts, followed by the those involving the state's 99 counties, and DHS. Issues addressed in discussion include legislative initiatives, and specifically changes to the public records and open meetings laws (see S.F. 2411) and privacy protections (see SSB 3116 and HSB 316); consideration by the Governor's Office to charge the requestor of a public record attorney fees to determine whether a record is confidential; and how electronic records may be efficiently compiled, searched, and accessed.

Mr. Angrick referred to current investigations and raised issues concerning the use of restraint chairs by county jails and rules proposed by the Department of Corrections setting forth criteria when an inmate or detainee may be restrained. The Committee was urged to consider two issues: (1) the status of mental health programs and treatment options available in the state including the impact of inmates entering the Iowa corrections system who have a psychiatric disorder, and (2) the child support collection process. Ms. Cooperrider discussed the difficulty and costs associated with modifying a child support obligation when custody circumstances change, and moneys accrue to the noncustodial parent even when the parent is in prison. DHS has authority to provide for an administrative modification but rarely utilizes the procedure and that the Supreme Court is considering a simpler pro se (self representation) process.

Committee members discussed a number of issues. It was noted that the proposed charge for examining public records for confidential information arises when an agency has a request for an extraordinary number of records. It was noted that the Department of Corrections will freeze the assets of inmates who are being paid child support when it comes to the department's attention. Members expressed hope that the General Assembly may reform the open records and open meetings law during the next legislative session. Members also expressed a desire to further review issues relating to mental health options and child support modification orders. Members discussed the change in Iowa law regarding the collection of child support from \$10,000 or more in winnings at Iowa's casinos (see 2008 Iowa Acts, S.F. 2428).

Metromedia International Group Inc. Mr. Kevin McLaughlin presented information on behalf of a number of persons who invested moneys in Metromedia International Group Inc. According to Mr. McLaughlin, the company was involved in various multimillion dollar ventures, both domestic and foreign, relating to the telecommunications and media industries, and suffered a dramatic decrease in stock value before being sold to a private investor at a fraction of its recent value. Mr. McLaughlin expressed concerns regarding the conduct of officers and directors of the corporation, involving alleged improper accounting practices, business decisions, loans, and voting procedures, and alleged violations of federal law including the Securities Exchange Act of 1934, 15 U.S.C. § 78a et seq. The Committee declined to accept company business records held by Mr. McLaughlin, but did consider drafting a letter to Iowa's Congressional delegation inquiring whether a federal inquiry is appropriate.

Next Meeting. The Committee is scheduled to meet on July 21 and 22, 2008, in Room 103 (Supreme Court Chamber) at the Statehouse. The times are yet to be determined.

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